



Commonwealth of Kentucky Energy and Environment Cabinet

Steve Beshear, Governor

Leonard K. Peters, Secretary

FOR IMMEDIATE RELEASE

Contact: Lee Colten
Lee.Colten@ky.gov
502-564-7192

New financing program offers commercial building owners options for energy efficiency

HB 100 authorizes local governments to establish Energy Project Assessment Districts

FRANKFORT, Ky. (March 31, 2015) – Legislation passed by the 2015 Kentucky General Assembly and signed into law by Gov. Steve Beshear will provide commercial and industrial property owners the ability to advance the efficient use of energy and water resources.

House Bill 100 authorizes local governments to establish Energy Project Assessment Districts (EPADs), an innovative financing option for energy efficiency upgrades, on-site renewable energy projects and water conservation measures.

“Reducing energy use by enhancing energy efficiency is proven to lower energy bills, boost economic productivity and reduce greenhouse gas emissions,” said Energy and Environment Cabinet Secretary Len Peters. “EPAD legislation opens new opportunities for business owners by making energy-efficiency upgrades and retrofits more affordable and accessible.”

EPAD jurisdictions allow property owners to arrange funding through local governments for 100 percent of the energy improvement project’s costs. Payment is made by property owners with a voluntary assessment on the property tax bill over a term of up to 20 years. The tax stays with the property even if there is a sale or transfer.

Through EPAD, financing is available for all types of commercial and industrial properties, large and small, and may be available to nonprofits and government facilities. Participation is voluntary and no tax assessment is made unless the landowner voluntarily initiates financing of a project.

The Kentucky EPAD bill has been broadly supported due to its ability to attract outside investment to support the rehabilitation and upgrade of outdated infrastructure.

“Passage of the EPAD legislation is a win-win-win for Kentucky businesses, job creators and taxpayers,” said Brooke Parker, a government relations specialist at Frost Brown Todd who serves as legislative director of the Kentucky EPAD Council. “Commercial and industrial property owners now have an effective low-cost way to finance energy efficiency projects,

saving them money, creating good jobs in the rehab industry without imposing additional taxes on Kentuckians."

The Greater Cincinnati Energy Alliance, an organization that promotes energy efficiency through financial and technical support to commercial and non-profit businesses in northern Kentucky, has strongly supported EPADs in Kentucky as an economic development tool to support new job growth.

"Businesses seeking any number of energy related building improvements – from heating and cooling equipment, high efficiency lighting, building automation systems and water efficiency improvements — can complete this work with no net out-of-pocket expenses," said Jeremy Faust, strategic business development director of the Greater Cincinnati Energy Alliance. "With the energy savings from these projects, most property owners will realize immediate positive cash flow."

The EPAD financing model has been approved in more than 31 states around the country. It offers a unique extended-term financing solution to support businesses in making critical energy-related improvements to their buildings.

Buildings use about one-third of the energy consumed in Kentucky and energy prices are expected to increase. Energy efficiency saves energy costs for businesses while reducing environmental impacts.

By authorizing EPADs, local communities will benefit from improved building infrastructure, more competitive businesses, and an increase in economic activity. Local contractors, engineers, manufacturers, and energy service companies will all benefit from an uptick in the amount of commercial building improvement work that takes place.

"Since the mid-90s there have been \$750 million of energy work performed with energy savings of \$150 million – second highest per capita in the nation," said John Body, co-chairman of the Kentucky Energy Services Coalition. "But to date, this work has been limited to the public sector. The EPAD Act will now give the private sector an opportunity to perform the same energy work on their buildings creating more efficient buildings, saving millions in energy costs and creating hundreds of new construction jobs."

The Kentucky Energy Services Coalition is a nonprofit organization that promotes energy efficiency and building upgrades through energy savings performance contracting, education and outreach.

To learn more about Kentucky's energy initiatives, visit www.energy.ky.gov.

###